A Business Ought to Belong to Its Stockholders—

but many in Philadelphia don't

A certain manufacturing concern—not in Philadelphia—awoke in 1913 to the fact that a great menace hung over it.

One-half of its sales were to dealers, under trade-mark.

The other half went, under private brand, to one single customer. On these goods the identity of the manufacturer was utterly lost. Whatever quality they had, whatever good will they won, redounded to the credit of the house that sold them, not to that of the house that made them.

That single account was vital. The loss of it would at one stroke cut the volume in half.

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There was no indication, however, that the big account was going to be lost. Everything was running on smoothly, and the profits were good.

Nevertheless, the manufacturer decided that on sound general principles it was about time that the stockholders owned their own business and controlled their own destiny.

"And so," says the president, "we planned to start an advertising campaign, all the stockholders agreeing to stand by for three years.

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"Our appropriation in 1914," he continues, "was only $15,000, but it looked a lot bigger than the $75,000 we spent this year.

"By keeping at it and talking it night and day to our salesmen, and through them to our customers, we increased our distribution and sales sufficiently so that we made up the gap the first year that our private-brand customer told us *they had started on their own little factory*."

For the first blow had fallen, out of a clear sky.

What Happened to the Sales of One Manufacturer in Four Years

Year	Sales to dealers under trade-mark	Sales to one customer under private brand	Total
1913 (before advertising)	$188,982.43	$188,723.23	$377,705.66
1914 (first year of advertising)	224,419.38	165,364.21	389,783.59
1915	398,939.50	75,083.75	474,023.25
1916	600,000.00 (approximate)	Nominal	604,652.15
1917 (approximate)	1,000,000.00	None	1,000,000.00

"My hunch was correct," the president says. "They had gone to making their own goods even while we were planning our advertising.

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"The next year, 1915, this customer dropped out another third of the business, and we filled up the gap, and some more.

"*The next year we didn't have any of it* and our sales jumped to $600,000."

"This year we will fall a very few thousand short of our planned $1,000,000."

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Today, then, that business belongs entirely to the stockholders,—not one-half to them and the other half to a star customer.

There is no private brand business left, and the total volume is almost three times what it was before the advertising began.

"I think," says the president in conclusion, "the men who are guiding the policies of this concern have grown bigger in courage, if not in mental caliber. We all feel that from now on nothing will stop us. That is, that the hardest part of the job of building a great big business has been accomplished.

"*It is hard work to talk this doctrine to concerns who are as busy as they can be anyway, and who have good profits even in bad years.* But we have got the figures to show for our work of the past four years and to back up what I am saying."

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That last paragraph is one that ought to be burned into the consciousness of dozens of Philadelphia manufacturers whose businesses do not belong to their stockholders, who live constantly in the shadow of disaster, who let the pressure of immediate production and the glamour of this year's profits blind them to the steady, relentless trend of the times.

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